(2)

No. 94-1519

Supreme Court, U.S.
FILED
MAY 15 1995
CLERK

IN THE

Supreme Court of the United States

October Term, 1994

DAVID LIPSCOMB UNIVERSITY,

Petitioner,

v.

HAROLD E. STEELE; AMERICANS FOR RELIGIOUS LIBERTY; REV. TOM BAKER, JR.; REV. DAVID MAYNARD; DON PETERSON; HARMON WRAY,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

---

RESPONDENTS' BRIEF IN OPPOSITION

Joseph H. Johnston #4706
Attorney at Law
P.O. Box 120874
Acklen Station
Nashville, Tennessee 37212
(615) 383-2119

May 13, 1995

Counsel for Respondents

CASILLAS PRESS, INC., 1717 K STREET, N.W., WASHINGTON, D.C. 20036

28 pp

ALTERNATIVE QUESTION PRESENTED

Should the Court review the determination of the district court, affirmed by the court of appeals, that Defendant's motion for summary judgment on the issue of municipal taxpayer standing should be denied because there are genuine issues of material fact as to whether Plantiffs will suffer injury-in-fact from conduct of Defendant alleged to be in violation of the Establishment Clause?

TABLE OF CONTENTS

Page

Alternative Question Presented i

Table of Authorities iv

Additional Statutory Provisions Involved 2

Statement of the Case 2

Evidence of Material Facts 6

Brief and Argument 10

Reasons for Denying Certiorari 10

Conclusion 13

Appendix 1a

Appendix A 1a

Appendix B 2a

Appendix C 8a

TABLE OF AUTHORITIES

Page

Federal Cases:

ARASCO, Inc. v. Kadish,
490 U.S. 605 (1989) 10

Frothingham v. Mellon,
262 U.S. 447 (1923) 10

Hunt v. McNair,
413 U.S. 734 (1973) 2

Lynch v. Donnelly,
465 U.S. 668 2

Sierra Club v. Morton,
405 U.S. 727 (1971) .....

Valley Forge Christian College v. Americans United for Separation of Church and State,
454 U.S. 464 (1982) .....

State Cases:

Habel v. Industrial Development Authority,
400 S.E. 2d 516 (1991) 2

United States Constitution

Article III, Section 2 10

Tennessee Code Annotated

T.C.A § 67--2-101 6

T.C.A. § 67-2-102 6

Page

T.C.A. § 67-2-119 6

T.C.A. § 67--4-806(a) 2, 6

T.CA. § 67-4-813(a) 2, 6

IN THE

Supreme Court of the United States

October Term, 1994

No. 94-1519

DAVID LIPSCOMB UNIVERSITY,

Petitioner,

v.

HAROLD E. STEELE; AMERICANS FOR RELIGIOUS LIBERTY; REV. TOM BAKER, JR.; REV. DAVID MAYNARD; DON PETERSON; HARMON WRAY,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

---

RESPONDENTS' BRIEF IN OPPOSITION

Respondents Harold E. Steele, Americans for Religious Liberty, Rev. Tom Baker, Jr., Rev. David Maynard, Don Peterson, and Harmon Wray hereby submit the following Brief in Opposition to the Petition for a Writ of Certiorari filed by Petitioner David Lipscomb University to review the judgment of the United States Court of Appeals for the Sixth Circuit in this case.

ADDITIONAL STATUTORY PROVISIONS INVOLVED

In addition to the constitutional and statutory provisions cited by David Lipscomb University on pages 2 and 3 of its Petition, Respondents would include §§ 67-4-806 and 67-4-813 of the Tennessee Tax Code which appear in the Appendix at pages 1a and 2a.

STATEMENT OF THE CASE

Respondents, as municipal taxpayers[1] have challenged the issuance of a 15 million dollar ($15,000,000.00) tax-exempt educational facilities revenue bond by the Industrial Development Board of Metropolitan Nashville and Davidson County (Tennessee) to David Lipscomb University, a pervasively sectarian institution owned and operated by the Church of Christ in Nashville, Tennessee, on grounds that it has the "principal or primary effect" of advancing religion. *See Hunt v. McNair*, 413 U.S. 734 (1973); *Habel v. Industrial Development Authority*, 400 S.E. 2d 516 (1991).

Respondents, after discovery, produced evidence that David Lipscomb University was a pervasively sectarian institution and that its curriculum is subsumed in its religious mission; that the University was under pressure from the accreditation agency to build a new library and student center; that the University was experiencing some financial problems that made

[1]The individual Respondents have asserted their status as municipal taxpayers in their respective Supplementary Affidavits filed in opposition to the Motion for Summary Judgment. [R. 32, 35, 38, 40-41] *See Lynch v. Donnelly*, 465 U.S. 668, 104 S.Ct. 1355, 79 L.Ed. 2d 604 (1984). Standing of Respondent Americans for Religious Liberty is derived from the municipal taxpayer standing of its members, Respondents Harold E. Steele and Don Peterson. *Sierra Club v. Morton*, 405 U.S. 727 (1971).

it difficult to finance its ten year expansion program relying on its past resources: charitable donations, tuition and commercial loans; that it applied to the Industrial Development Board for Metropolitan Davidson County for tax-exempt revenue bonds; that had tax-exempt revenue bonds not been available, it would have probably relied on non-tax-exempt bonds or commercial loans to finance part of its campus development which would have generated tax revenues from the interest that would accrue to the Metropolitan Government Fund via the Hall income tax or the Bank excise tax; and that in anticipation of litigation over this bond issue, the University has committed to pay an additional 2% interest premium to bond holders if the tax-exemption on the bonds is declared invalid.

David Lipscomb University moved for Summary Judgment on the grounds that Respondents lacked standing required under Article III, Section 2, of the United States Constitution to bring suit. After review of the affidavits, depositions, and other documents submitted in opposition to the motion, in the light most favorable to the non-moving party, the district court denied summary judgment and concluded:

> The issuance of tax-exempt bonds to the University will reduce the revenue flowing into the Metropolitan Government's coffers since otherwise, the University would have turned to taxable means to fund the project. Although Defendants claim that without the tax-exemption, the University, could not have afforded to proceed with the project, the Court believes that Plaintiffs have put forth enough evidence to establish a likely chance that the University would have financed at least part of the expansion through a taxable vehicle. Therefore, under *Hawley*, the Court finds that Plaintiffs have standing to sue as municipal taxpayers.

[Petition, pp. 10a-11a]

In a foot note, the district court summarized the evidence in the record which supported this conclusion.

> In support of this conclusion, the Court finds that the University was under pressure from the Southern Association of Colleges and Schools, the association which accredits the University, to improve the school's facilities. The University had used non-tax-exempt financing for other projects in the past. Charitable donations and student enrollment at the University had fallen off in the late 1980's into 1991. Although the University may not have been able to afford to finance the entire $15,000,000.00 project through taxable offerings, the Court believes that the University would most likely have turned to taxable means for at least part of the expansion. Under *Hawley* and *Foremaster*, the Court believes that this states a sufficient basis for standing.

[Petition, p. 11a, n.3]

In its memorandum on the University's motion to reconsider the district court summarized the essence of the factual dispute as follows:

> Defendant further argues that the Court should grant its motion for summary judgment on the grounds that plaintiffs have not presented sufficient evidence to argue that Lipscomb University would have resorted to the issuance of taxable bonds. The Court does not agree with defendant's contention, particularly in light of the fact that the opposing party in a summary judgment motion is entitled to the most favorable inferences. Plaintiffs have argued that the loss of tax revenue is neither conjectural nor hypo-

> thetical, and they shall be allowed an opportunity to prove their allegation.

[Petition, pp. 19a & 20a]

The Sixth Circuit Court of Appeals reviewed this issue on interlocutory appeal; and found sufficient evidence in the record to create genuine issues of material fact regarding Respondents' standing as municipal taxpayers. It affirmed the district court's ruling denying summary judgment, and remanded the case for further poceedings.

> Here, the district court concluded that: "[t]he issuance of tax-exempt bonds to the University will reduce the revenue flowing from the Metropolitan Government's coffers since otherwise, the University would have to turn to taxable means to fund the project." On appeal, as below, the defendants claim that without the lower interest rates resulting from tax-exemption, the University could not have afforded to go forward with plans for a $32,000,000.00 expansion of the Nashville campus. But the district court found that "plaintiffs have put forth enough evidence to establish the likely chance that the University would have financed at least part of the expansion program through a taxable vehicle," especially in light of testimony by the University's cheif fiscal officer concerning pressure by the University's accreditors to build a new library and student center.

[Petition, p. 2a]

David Lipscomb University disputes the district court's determination of the genuine issue of material fact of Plaintiffs' injury; i.e., the issuance of tax-exempt bonds to the University will reduce the revenue flowing into the Metro-

politan Government's coffers, by declaring that the court's conclusion, that the University would have turned to a taxable means to fund the project if the tax-exempt bond financing had not been available, is pure speculation. [Petition, p. 8] To accept the University's position, the Court would have to ignore the evidence in the record.

EVIDENCE OF MATERIAL FACTS

Contrary to the premise of David Lipscomb University that Respondents have presented no evidence setting forth specific facts demonstrating that the issuance of a $15,000,000.00 tax-exempt bond issue for its benefit will cause any loss of state or municipal tax revenues, the record contains affidavits, sworn deposition testimony, documents pulbished by the Industrial Development Board of Metropolitan Nashville and Davidson County, excerpts from the Tennessee Code Annotated, and other documents published by the Tennessee Department of Revenue, which demonstrate that the issuance of tax-exempt revenue bonds will cause a loss of state and municipal tax revenues which would otherwise have been collected as provided by bank excise tax, T.C.A. §§ 67-4-806 and 67-4-813, if David Lipscomb University had used commercial financing, or as provided by the Hall Income Tax, T.C.A. §§ 67-2-101, 67-2-102 and 67-2-119 if it had used taxable revenue bond financing.

The University was under "pressure" to build these two facilities. The University's had no choice but to proceed with development of a new library and student center because of the specific recommendations of the Southern Association of Colleges and Schools in 1985, which accredits institutions of higher education. Furthermore, Davide Lipscomb University adopted a strategic plan in 1989 to expand over the next 10 years to accommodate an increase in undergraduate enrollment from 2,250 to 3,000 students.

David Lipscomb University had utilized commercial bank loans in the past. According to Mr. James Allen, Vice-President for Business Affairs for David Lipscomb University, in the mid-1980's the University had borrowed 2.5 million dollars in the form of a commercial loan from Third National Bank in Nashville, Tennessee, to purchase an elementary school on Granny White Pike. The loan was for five years at an annual interest rate of 10 percent. This debt was retired early in 1989 by the University as a condition precedent for its application for tax-exempt revenue bond financing. In addition, the University also borrowed $400,000.00 via a taxable commercial loan in 1988 for the purpose of purchasing a telephone system through a vendor.

Sections of the Tennessee Code Annotated establishing the bank excise tax and Table N of the President's Annual Report for David Lipscomb University captioned "David Lispcomb University Notes and Bonds Payable" establish that interest on commercial loans by David Lipscomb University in the recent past have, in fact, generated taxable income to the State of Tennessee and Davidson County.

Not only was the University under pressure to expand its library and student center, it had financial problems as well. Most of the donors at David Lipscomb University are from the Middle Tennessee area. Because of the changes in federal tax law and the economy in Middle Tennessee in 1990, the total gifts to the University were down 10 percent. In 1991, student enrollment at David Lipscomb University dropped 8 percent, causing the University some serious financial concerns.

Sovran Bank's low floater program for marketing tax-exempt revenue bonds that was presented to the University was specifically aimed at small investors since the tax-exempt bonds were issued in $5,000.00 denominations affordable by donors to

David Lipscomb University. Sovran Bank also offered the University taxable bonds at a higher interest rate. However, the University saved 30 percent of the financing cost by utilizing tax-exempt revenue bonds instead of taxable bonds.

But for tax-exempt financing, the University would not have been able to finance its present campus development project, but might have done so on a smaller scale. The University's position that it could not have afforded to use conventional taxable financing for its campus development projects is belied by the fact that the University is presently guaranteeing each bond holder a two percent per annum annual payment in additional interest in the event the educational revenue bonds are declared to be subject to taxation.

Furthermore, had the University elected to pursue its campus development through the use of taxable educational revenue bonds, then purchasers of said bonds, issued in $5,000.00 denominations, would most likely reside in the Middle Tennessee area and, therefore, would have paid Hall state income tax on the interest received from said bonds. This tax revenue would then be allocated between state and counties where the bond holders resided. A reasonable inference is created that some bond holders reside in Davidson County, thereby causing some portion of the tax revenue to be apportioned to the Metropolitan Government.

The Biennial Report for 1989-90, published by the Tennessee Department of Revenue in January, 1991, shows the amount of tax revenues derived from the Hall income tax and the bank excise tax and the amount of these taxes distributed between the State of Tennessee and the Metropolitan Government of Nashville and Davidson County.

For the fiscal year 1990 tax revenues from the Hall income tax and the bank excise tax are described as follows:

Total income tax collected for the State of Tennessee, $102,953,687.00

Hall income tax distributed to Davidson County Fund: $1,813,268.00

Hall income tax distributed to Nashville Municipal Fund: $3,591,723.00.

Total excise taxes collected for the State of Tennessee: $332,035,741.

Excise tax distributed to Davidson County Fund: $811,908.00.

Thus in 1990, municipal taxes of the Respondents were supplemented to the tune of $6,216,899.00 if the income tax and excise tax received by the Metropolitan Nashville and Davidson County funds are added together.

Therefore, evidence in the record creates a genuine issue of material fact as to whether or not David Lipscomb University would have had to construct a new library and student center to maintain its academic accreditation, and as to whether or not the University had tax-exempt revenue bonds not been available, would have used either non-tax-exempt revenue bonds sold to its main group of supporters which resides in Middle Tennessee, which would have generated state income tax revenues on interest generated by those bonds, or commercial loans from local financial institutions, such as Third National Bank, which would have generated bank excise tax revenues on interest paid by David Lipscomb University on those loans.

The above tax revenues are not hypothetical, nor are they conjectural. Anytime that a taxpayer is exempted from payment of said taxes, the logical result would be that the loss of tax revenue will be offsert by a commensurate increase in

the tax burden or respondents as municipal taxpayers. Given the significant amount of tax revenue generated for state and local government from these sources, the effect of the issuance of tax-exempt revenue bonds on the tax burden of Respondents' likewise cannot be viewed as hypothetical or conjectural.

BRIEF AND ARGUMENT

REASONS FOR DENYING CERTIORARI

Taxpayer Interest in Municipal Revenues

Review should be denied because this case presents no legal issues, let alone one on which the circuits are divided nor one in which the Sixth Circuit is in conflict with a decision of this Court.

The Court has long recognized that municipal taxpayers have standing where it is shown that the peculiar relationship of the corporate taxpayer to the [municipal] corporation makes the taxpayer's interest in the application of municipal revenue "direct and immediate." *ARASCO, Inc. v. Kadish*, 490 U.S. 605, 613 (1989), citing *Frothingham v. Mellon*, 262 U.S. 447 (1923).

Thus, not only is the question presented neither novel nor important, but the parties essentially agree on the standard to be applied in determining whether respondents have standing; the only question is whether the district court correctly denied petitioner's motion for summary judgment because it found that there were genuine issues of material fact in dispute.

Respondents, as municipal taxpayers, have met the requisites for Article III standing articulated in *Valley Forge Christian College v. Americans United for Separation of Church and State*, 454 U.S. 464 (1982).

(1.) Injury to Plaintiffs. The denial of municipal tax revenue to Metropolitan Government by issuance of tax

exempt educational facilities bonds for a pervasively sectarian institution results in a decreased municipal tax base and thus a commensurate increase or threatened increase in the Respondents' municipal taxes.

(2.) Causation. The tax-exempt revenue bonds issued to David Lipscomb University are exempt from the Hall state income tax which generates tax revenue on bond interest at a rate of 6% that is shared by the state on a pro rata basis with the Metropolitan Government. Had tax-exempt bond financing not been available, the University would likely have resorted to taxable means in the form of taxable revenue bonds or taxable commercial loans to finance at least part of its project because of pressure from the Southern Association of Colleges and Schools to build a new library and student center. Thus, the issuance of tax exempt educational facilities revenue bonds caused a decrease in the tax revenues that would have otherwise been generated from the financing at least part of this campus development project by the University.

(3.) Redressability. Evidence in the record is that the University is prepared to protect bond holders from any tax penalty and interest if the tax exemption on the revenue bonds is declared invalid.

Thus, the issues with respect to standing are not legal, but factual. If review were granted, the principal task of the Court would be to repeat what the Sixth Circuit did on interlocutory appeal: examine the record with great care to see whether the district court erred. At the end it would undoubtedly find, as did the court of appeals, that the district court was well within its discretion in denying Petitioner's motion for summary judgment. That denial was upheld not because the lower courts sided with Respondents on the legal issues, but because they carefully examined the factual record and found that the question of whether the municipality would have gained tax

revenues, if Petitioner had financed its campus development commercially, instead of on a tax-free subsidy basis, could not be answered on a motion for summary judgment, but required a trial.

If this Court were to grant review, the result would simply be a ruling of use only to the parties to this case. There is no difference of opinion on the legal issues, nor on the standard for granting summary judgment. The law is clear and the only issue is whether respondents have met their evidentiary burden necessary to avoid summary judgment. That is the kind of decision that district courts make every day, and there is no reason to believe that the district court here, both initially and on rehearing, did not carefully consider all of the evidence and reach the proper result. And even if it erred, which it plainly did not, and even if the court of appeals should have overturned that ruling, which it should not have, the function of this Court is not to sit to correct errors, especially the kind of factual errors that petitioner claims occurred here.

Finally, it should be recalled that discovery has been taken, and the case is ready for a trial, which is estimated to last only two (2) days. If, in fact, respondents lack the evidence needed to establish standing, the trial judge can dismiss the case after plaintiffs have rested, or, failing that, the court of appeals can reverse on appeal. Thus, even if there is an error that should be corrected, this is not the Court, nor is this the appropriate stage of the proceedings, for that to take place. Review should be denied.

CONCLUSION

The issue of municipal taxpayer standing is a simple factual dispute and is not ripe for review by the Court. Thus, there is no reason to grant certiorari in this case.

Respectfully submitted,

JOSEPH H. JOHNSTON #4706
Attorney at Law
P.O. Box 120874
Acklen Station
Nashville, Tennessee 37212
(615) 383-2119)

APPENDIX A

Additional Statutory Provisions

Tennesse Code Annotated

Section 67-4-806. *Tax Imposed.* - (a) All corporations, cooperatives, joint stock associations, and business trusts, including regulated investment companies and real estate investment trust, organized for profit under the laws of this state or any other state or counry and doing business in Tennessee, including state chartered banks and national banks doing business in Tennessee and including state chartered savings and loan associations and federally chartered savings and loan associations doing business in Tennessee shall, without exception other than as provided herein, pay the commissioner of revenue, annually, an excise tax, in addition to all other taxes, equal to six percent (6%) of the net earnings for the next preceding fiscal year for business done in this state.

Section 67-4-813. *Allocation - Banks* - (a) All taxes collected under this part shall be applied as follows:

(1) to cities and counties, an amount to be determined, allocated and administered in the following manner for each bank doing business in this state:

(A) three percent (3%) of the net earnings of the bank for the fiscal year second preceding the year in which the distribution under this section is made, less ten percent (10%) of the ad valorem taxes paid by the bank to its real property and tangible personal property for the fiscal year second preceding the year in which the distribution is made. For purposes of this subdivision, "net earnings" does not include amounts attributable to interest earned on bonds and other obligations of the state of Tennessee. The total amount thus determined shall be allocated between county and municipal governments where the principal office of the bank is located in the same proportion as the property tax rate of each such taxing jurisdiction shall bear to the sum of the property tax rate; . . .

APPENDIX B

In the United States District Court
for the Middle District of Tennessee
Nashville Division

Civil Action No. 3-91-0421

Judge John T. Nixon

Harold E. Steele, et al.,
Plaintiffs,

vs.

The Industrial Development Board of Metropolitan Government of Nashville and Davidson County, et al.,
Defendants.

The deposition of James C. Allen was taken before Henry S. Cross, Jr., Court Reporter and Notary Public at Large, on the 13th day of March, 1992, beginning at the approximate hour of 9:30 a.m., in the office of Mr. Michael Moore, Nashville City Center, Suite 2100, 511 Union Street, Nashville, Tennessee.

Taken by Agreement, for the purpose of producing evidence and/or for discovery, pursuant to the Federal Rules of Civil Procedure.

* * * *

Q. . . . Well, that description of the low floater bonds, is that the bonds that were ultimately put in place, in this last bond issue, by Sovran Bank?

A. It's the type of issue. Yes, sir.

Q. Okay. And the fact that the denominations are in five thousand dollars ($5,000.00) or less, is that

to make them attractive to individual investors, as well as institutional investors?

A. That is correct.

* * * * *

Q. Okay. I think earlier you may have made the statement that most of your donations come from the Middle Tennessee area. Do you remember making that statement?

A. That would be a generalization on my part. But that's correct. I would expect that to be the case.

* * * * *

Q. Okay. let me start again. How does the "tax-exempt status" of these bonds affect the amount of interest that David Lipscomb University has to pay?

A. (No response from witness.)

Q. Well, let me explain it. As opposed to non-tax-exempt bonds, for example. What is the difference?

A. The rate of interest would be lower, that is the ultimate effect.

Q. Okay. Now, can you explain for us why?

A. Because the individual doesn't have to pay tax on the income he receives. Therefore, he can receive a lower rate of interest and stil be at an equal or better position than he would have been otherwise, as an investor.

* * * * *

Q. All right. Why, for example, would the University want to expand its library, or to build a new library facility, as opposed to something else?

A. The school, it its annual — excuse me. Each 10 years, Southern Association of Colleges and Schools comes in to accredit and reaccredit the school.

In 1985, was their last visit. In that particular visit, they made two very strong recommendations that we construct a student activities building and a new library. They were badly needed.

There was not threat that we would lose our accreditation if we didn't, but over time, if you don't eventually keep up, then you could have some problems in that area. So those were our two highest priority facilities.

Q. Okay. And following those two facilities, what determined the next facilities that would be included with this phase one of this particular project?

A. The need of the various areas, in terms of facilities that we currently had and what we really needed.

Q. Okay. So there was a definite pressure to expand these particular facilities at this time; is that what you are saying?

A. Which facilities?

* * * * *

Q. Do you recall, generally, what some of these facilities are? You've got the baseball fields, obviously, and some things like that. But I think there's an Administration Building; is that one of those buildings?

A. There's a renovation of that — of the old library becoming the Administration Building.

Q. Right.

A. The only real "pressure" was to build those two facilities. The school had adopted a strategic plan which did call for ultimate growth of the school to 3,000 students.

* * * * *

Q. But you had some strong recommendations from the Accreditation Association that these activities should be undertaken?

A. We had their strong recommendations, plus we had, you know, obvious knowledge that we needed those facilities, anyway.

Q. In what format did these recommendations occur, from the accreditation agency? Were they letters?

A. No, in their report, they had a recommendation section at the end of it, the study. And that was one of seven or eight recommendations that were made.

MR. MOORE: Which recommendation are we talking about?

MR. JOHNSTON: The recommendation, I guess, for the library facility and the student activity center, and the attendent spin-offs of those projects.

THE WITNESS: Well, there really weren't any attendent spin-offs to those projects, to the accreditation bureau.

BY MR. JOHNSTON:

Q. Okay.

A. They were only saying that you need to have a student activities building and a library. We strongly recommend that. We didn't have to move the baseball field. We could have torn the houses down that were where the baseball field is, and put the library over there, if we had to.

Q. Okay. So it might have been done on a smaller scale, then?

A. Possibly.

* * * * *

Q. What other loan packages or finance packages are mentioned to you, at the time you were talking to Sovran Bank; do you recall?

A. The only one that was mentioned to me was Sovran had a similar program in taxable bonds. That was the only program that was ever mentioned to me.

Q. Would the interest that Lipscomb would have to pay on those taxable bonds be more than what it was paying on the tax exempt bonds?

A. Yes, sir.

Q. Okay. Can you recall the approximate differential?

A. Spread changes, depending on what level of interest rate you're talking about, as your beginning point.

Q. Okay.

A. I think you can presume, it's roughly thirty percent (30%) difference.

* * * * *

Q. So that would represent a substantial savings to the University, of thirty percent (30%), on its ability to finance this indebtedness.

A. And that's correct.

APPENDIX C

President's Report to Board of Directors
David Lipscomb University
October 5, 1991

David Lipscomb University Indebtedness
Table, Notes and Bonds Payable
1968-1991

DAVID LIPSCOMB UNIVERSITY

NOTES AND BONDS PAYABLE

	SHORT-TERM NOTES		LONG-TERM BONDS		LONG-TERM NOTES		
AUG 31	FIRST AMERICAN BANK	BIGGS TRUST	U.S. GOV'T	IDBonds	DLU SCHOLAR	FIRST AMERICAN BANK	THIRD NATIONAL BANK
1968	$2,700,000	$ -0-	$3,916,000	$ -0-	$ -0-	$ -0-	$ -0-
1969	2,415,670	-0-	3,901,000	-0-	-0-	-0-	-0-
1970	1,889,043	-0-	3,851,000	-0-	-0-	-0-	-0-
1971	1,645,459	-0-	3,801,000	-0-	-0-	-0-	-0-
1972	1,528,000	-0-	3,726,000	-0-	-0-	-0-	-0-
1973	2,250,000	-0-	3,650,000	-0-	-0-	-0-	-0-
1974	3,025,000	-0-	3,574,000	-0-	-0-	-0-	-0-
1975	3,100,000	-0-	3,497,000	-0-	-0-	-0-	-0-
1976	2,700,000	-0-	3,414,000	-0-	-0-	-0-	-0-
1977	3,150,000	-0-	3,326,000	-0-	-0-	-0-	-0-
1978	2,800,000	-0-	3,237,000	-0-	-0-	-0-	-0-
1979	2,650,000	-0-	3,147,000	-0-	-0-	-0-	-0-
1980	1,925,000	-0-	3,052,000	-0-	-0-	-0-	-0-
1981	800,000	175,000	2,956,000	-0-	-0-	-0-	-0-
1982	300,000	175,000	2,859,000	-0-	600,000	-0-	-0-
1983	1,200,000	175,000	2,756,000	-0-	597,682	408,333	-0-
1984	1,850,000	175,000	2,647,000	-0-	595,077	308,333	-0-
1985	400,000	300,000	2,538,000	-0-	592,150	208,333	-0-
1986	-0-	300,000	2,425,500	-0-	588,861	108,333	-0-
1987	375,000	300,000	2,304,500	-0-	585,166	961,668	1,908,038
1988	-0-	300,000	2,182,500	-0-	581,014	986,660	1,488,979
JULY 31							
1989	-0-	300,000	2,057,000	-0-	576,349	-0-	1,080,184
1990	-0-	300,000	1,928,000	15,000,000	571,107	-0-	268,025
	SOVRAN BANK						
1991	-0-	300,000	1,795,500	15,000,000	565,218	-0-	-0-

At July 31, 1991	Dorm Bonds 1966 (Fanning)	$124,000	3%	Maturing 1996
	Science Bldg Bonds 1966	234,000	3%	Maturing 1996
	Dorm/Stud Ser Bonds 1966	1,437,500	3%	Maturing 2006

Interest Rates

IDB - Industrial Development Board of Nashville Bonds	5.05% at July 31, 1991 14.5% Maximum permitted
First American National Bank	10.00% at July 31, 1990 10.50% at July 31, 1989 10.00% at August 31, 1988 8.25% at August 31, 1987 7.50% at August 31, 1986
Melissa Renee Biggs Memorial Trust	9.00% at July 31, 1991 9.00% at July 31, 1990 9.00% at July 31, 1989
Scholarship Fund	12.00% at July 31, 1991 12.00% at July 31, 1990 12.00% at July 31, 1989
Third National Bank	10.00% at July 31, 1990 10.00% at July 31, 1989 10.00% at August 31, 1988 8.50% at August 31, 1987